

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
IRVINGTON COMMUNITY SCHOOL
MARION COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
03/08/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of School	Timothy P. Ehrgott	07-01-07 to 06-30-10
Treasurer	David Nidiffer	07-01-07 to 06-30-10
Chair of the Board	Leslie D. Hiner	07-01-07 to 06-30-10



STATE OF INDIANA
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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE IRVINGTON COMMUNITY SCHOOL, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Irvington Community School (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 16, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 16, 2010



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TO: THE OFFICIALS OF THE IRVINGTON COMMUNITY SCHOOL, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Irvington Community School (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 16, 2010

IRVINGTON COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		Net (Disbursement) Receipts and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,924,973	\$ -	\$ 11,923	\$ (2,913,050)
Support services	920,512	159,004	99,464	(662,044)
Noninstructional services	211,056	-	-	(211,056)
Facilities acquisition and construction	236,207	-	-	(236,207)
Debt service	1,686,766	-	-	(1,686,766)
Nonprogrammed charges	20,206	-	-	(20,206)
Total governmental activities	<u>\$ 5,999,720</u>	<u>\$ 159,004</u>	<u>\$ 111,387</u>	<u>(5,729,329)</u>
General receipts:				
Property taxes				1,355,054
Other local sources				87,784
State aid				2,295,905
Bonds and loans				1,694,896
Grants and contributions not restricted to specific programs				242,040
Investment earnings				9,387
Total general receipts				<u>5,685,066</u>
Change in net assets				(44,263)
Net assets - beginning				<u>282,582</u>
Net assets - ending				<u>\$ 238,319</u>
<u>Assets</u>				
Cash and investments				\$ 218,504
Restricted assets:				
Cash and investments				<u>19,815</u>
Total assets				<u>\$ 238,319</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 19,815
Unrestricted				<u>218,504</u>
Total net assets				<u>\$ 238,319</u>

The notes to the financial statements are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 2,964,708	\$ -	\$ 18,241	\$ (2,946,467)
Support services	836,963	130,714	119,960	(586,289)
Noninstructional services	209,615	-	-	(209,615)
Facilities acquisition and construction	209,949	-	-	(209,949)
Debt service	1,661,600	-	-	(1,661,600)
Total governmental activities	<u>\$ 5,882,835</u>	<u>\$ 130,714</u>	<u>\$ 138,201</u>	<u>(5,613,920)</u>
General receipts:				
Property taxes				623,990
Other local sources				103,359
State aid				3,033,475
Bonds and loans				979,096
Grants and contributions not restricted to specific programs				749,588
Investment earnings				<u>1,185</u>
Total general receipts				<u>5,490,693</u>
Change in net assets				(123,227)
Net assets - beginning				<u>238,319</u>
Net assets - ending				<u>\$ 115,092</u>
<u>Assets</u>				
Cash and investments				\$ (53,304)
Restricted assets:				
Cash and investments				<u>168,396</u>
Total assets				<u>\$ 115,092</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 168,396
Unrestricted				<u>(53,304)</u>
Total net assets				<u>\$ 115,092</u>

The notes to the financial statements are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Title II Teacher Quality	Debt Service	Other	Totals
Receipts:					
Local sources	\$ 1,502,864	\$ -	\$ -	\$ 108,365	\$ 1,611,229
State sources	2,307,827	-	-	9,847	2,317,674
Federal sources	-	79,779	-	251,879	331,658
Temporary loans	1,694,896	-	-	-	1,694,896
Total receipts	5,505,587	79,779	-	370,091	5,955,457
Disbursements:					
Current:					
Instruction	2,753,005	-	-	171,968	2,924,973
Support services	920,512	-	-	-	920,512
Noninstructional services	34,461	-	-	176,595	211,056
Facilities acquisition and construction	236,207	-	-	-	236,207
Debt services	1,325,414	-	361,352	-	1,686,766
Nonprogrammed charges	20,206	-	-	-	20,206
Total disbursements	5,289,805	-	361,352	348,563	5,999,720
Excess (deficiency) of receipts over disbursements	215,782	79,779	(361,352)	21,528	(44,263)
Other financing sources (uses):					
Transfers in	-	-	156,276	2,761	159,037
Transfers out	(156,276)	-	-	(2,761)	(159,037)
Total other financing sources (uses)	(156,276)	-	156,276	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	59,506	79,779	(205,076)	21,528	(44,263)
Cash and investments - beginning	12,116	23,265	224,891	22,310	282,582
Cash and investments - ending	\$ 71,622	\$ 103,044	\$ 19,815	\$ 43,838	\$ 238,319
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 71,622	\$ 103,044	\$ -	\$ 43,838	\$ 218,504
Restricted assets:					
Cash and investments	-	-	19,815	-	19,815
Total cash and investment assets - ending	\$ 71,622	\$ 103,044	\$ 19,815	\$ 43,838	\$ 238,319
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 19,815	\$ -	\$ 19,815
Unrestricted	71,622	103,044	-	43,838	218,504
Total cash and investment fund balance - ending	\$ 71,622	\$ 103,044	\$ 19,815	\$ 43,838	\$ 238,319

The notes to the financial statements are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Title I 2008-09	Title II Teacher Quality	Debt Service	Other	Totals
Receipts:						
Local sources	\$ 740,224	\$ -	\$ -	\$ 358	\$ 118,666	\$ 859,248
State sources	3,051,716	-	-	-	13,390	3,065,106
Federal sources	-	213,391	50,290	-	592,477	856,158
Temporary loans	979,096	-	-	-	-	979,096
Total receipts	4,771,036	213,391	50,290	358	724,533	5,759,608
Disbursements:						
Current:						
Instruction	2,139,505	182,802	148,334	-	494,067	2,964,708
Support services	772,073	-	5,000	-	59,890	836,963
Noninstructional services	11,256	-	-	-	198,359	209,615
Facilities acquisition and construction	209,949	-	-	-	-	209,949
Debt services	1,653,547	-	-	8,053	-	1,661,600
Total disbursements	4,786,330	182,802	153,334	8,053	752,316	5,882,835
Excess (deficiency) of receipts over disbursements	(15,294)	30,589	(103,044)	(7,695)	(27,783)	(123,227)
Other financing sources (uses):						
Transfers in	-	9,774	-	156,276	-	166,050
Transfers out	(156,276)	-	-	-	(9,774)	(166,050)
Total other financing sources (uses)	(156,276)	9,774	-	156,276	(9,774)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(171,570)	40,363	(103,044)	148,581	(37,557)	(123,227)
Cash and investments - beginning	71,622	-	103,044	19,815	43,838	238,319
Cash and investments - ending	<u>\$ (99,948)</u>	<u>\$ 40,363</u>	<u>\$ -</u>	<u>\$ 168,396</u>	<u>\$ 6,281</u>	<u>\$ 115,092</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (99,948)	\$ 40,363	\$ -	\$ -	\$ 6,281	\$ (53,304)
Restricted assets:						
Cash and investments	-	-	-	168,396	-	168,396
Total cash and investment assets - ending	<u>\$ (99,948)</u>	<u>\$ 40,363</u>	<u>\$ -</u>	<u>\$ 168,396</u>	<u>\$ 6,281</u>	<u>\$ 115,092</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 168,396	\$ -	\$ 168,396
Unrestricted	(99,948)	40,363	-	-	6,281	(53,304)
Total cash and investment fund balance - ending	<u>\$ (99,948)</u>	<u>\$ 40,363</u>	<u>\$ -</u>	<u>\$ 168,396</u>	<u>\$ 6,281</u>	<u>\$ 115,092</u>

The notes to the financial statements are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Private-Purpose Trust Funds</u>	<u>Agency Fund</u>
Additions:		
Contributions:		
Other	<u>\$ 301,522</u>	
Deductions:		
Administrative and general	<u>59,576</u>	
Excess of total additions over total deductions	241,946	
Cash and investment fund balance - beginning	<u>48,010</u>	
Cash and investment fund balance - ending	<u>\$ 289,956</u>	<u>\$ 68</u>
Net assets:		
Cash and investments	<u>\$ 289,956</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 289,956</u>	

The notes to the financial statements are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Private-Purpose Trust Funds	Agency Fund
Additions:		
Contributions:		
Other	\$ 295,272	
Investment earnings:		
Interest	32	
Total additions	295,304	
Deductions:		
Administrative and general	404,351	
Total deductions	404,351	
Excess (deficiency) of total additions over total deductions	(109,047)	
Cash and investment fund balance - beginning	289,956	
Cash and investment fund balance - ending	\$ 180,909	\$ 9,703
Net assets:		
Cash and investments	\$ 180,909	
Total net assets - cash and investment basis held in trust	\$ 180,909	

The notes to the financial statements are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Irvington Community School

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The title II teacher quality fund accounts for the receipts and disbursements related to the operation of the teacher quality grant.

The title I fund accounts for the receipts and disbursements related to the title I program for 2008-2009 school year.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school.

Agency fund accounts for assets held by the School Corporation as an agent for employees and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance).

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
General	\$ 99,948

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$148,060. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General Fund	Debt Service	\$ 156,276	\$ 156,276
Title I 2008-09	Other governmental funds	-	9,774
Other governmental funds	Other governmental funds	2,761	-
Totals		<u>\$ 159,037</u>	<u>\$ 166,050</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect activity of the charter school. The following schedules presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported December 31, 2007	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated January 1, 2008
Governmental activities	\$ 298,381	\$ (15,799)	\$ -	\$ -	\$ 282,582
Aggregate remaining fund information - fiduciary funds	32,209	15,799	-	2	48,010

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Subsequent Events

On July 15, 2009, the Board approved a capital lease for computers, tests, classroom equipment and furniture in the amount of \$289,000. Additionally on the same date, a new line of credit in the amount of \$400,000 was also approved.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	<u>PERF</u>
Annual required contribution	\$ 31,310
Interest on net pension obligation	(2,139)
Adjustment to annual required contribution	<u>2,437</u>
Annual pension cost	31,608
Contributions made	<u>47,168</u>
Increase (decrease) in net pension obligation	(15,560)
Net pension obligation, beginning of year	<u>(29,499)</u>
Net pension obligation, beginning of year	<u>\$ (45,059)</u>

	<u>PERF</u>
Contribution rates:	
School Corporation	6%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	<u>PERF</u>
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 11,219	203%	\$ (25,418)
	06-30-07	25,223	116%	(29,499)
	06-30-08	31,608	149%	(45,059)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

IRVINGTON COMMUNITY SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, and 2008 were \$58,883 and \$103,945, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

IRVINGTON COMMUNITY SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 42,747	\$ 50,631	\$ (7,884)	84%	\$ 377,502	(2%)
07-01-07	71,336	85,811	(14,475)	83%	462,412	(3%)
07-01-08	129,616	141,722	(12,106)	91%	696,742	(2%)

IRVINGTON COMMUNITY SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	School Lunch	Textbook Rental	Title I 2006-07	Title I 2007-08	Title I Lines	Totals
Receipts:						
Local sources	\$ 83,011	\$ 25,354	\$ -	\$ -	\$ -	\$ 108,365
State sources	3,966	5,881	-	-	-	9,847
Federal sources	89,618	-	9,000	153,261	-	251,879
Total receipts	176,595	31,235	9,000	153,261	-	370,091
Disbursements:						
Current:						
Instruction	-	10,306	23,955	137,707	-	171,968
Noninstructional services	176,595	-	-	-	-	176,595
Total disbursements	176,595	10,306	23,955	137,707	-	348,563
Excess (deficiency) of receipts over disbursements	-	20,929	(14,955)	15,554	-	21,528
Other financing sources (uses):						
Transfers in	-	-	-	2,761	-	2,761
Transfers out	-	-	(2,761)	-	-	(2,761)
Total other financing sources (uses)	-	-	(2,761)	2,761	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	20,929	(17,716)	18,315	-	21,528
Cash and investments - beginning	-	1,653	17,716	-	2,941	22,310
Cash and investments - ending	\$ -	\$ 22,582	\$ -	\$ 18,315	\$ 2,941	\$ 43,838
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 22,582	\$ -	\$ 18,315	\$ 2,941	\$ 43,838
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	-	22,582	-	18,315	2,941	43,838
Total cash and investment fund balance - ending	\$ -	\$ 22,582	\$ -	\$ 18,315	\$ 2,941	\$ 43,838

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	School Lunch	Textbook Rental	Title I 2007-08	IDEA, PL 101-476	Title I Lines	Fiscal Stabilization	Special Ed- Part B	Totals
Receipts:								
Local sources	\$ 91,024	\$ 27,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,666
State sources	765	12,625	-	-	-	-	-	13,390
Federal sources	106,570	-	18,364	75,722	-	356,315	35,506	592,477
Total receipts	198,359	40,267	18,364	75,722	-	356,315	35,506	724,533
Disbursements:								
Current:								
Instruction	-	60,868	26,905	75,722	-	299,366	31,206	494,067
Support services	-	-	-	-	2,941	56,949	-	59,890
Noninstructional services	198,359	-	-	-	-	-	-	198,359
Total disbursements	198,359	60,868	26,905	75,722	2,941	356,315	31,206	752,316
Excess (deficiency) of receipts over disbursements	-	(20,601)	(8,541)	-	(2,941)	-	4,300	(27,783)
Other financing uses:								
Transfers out	-	-	(9,774)	-	-	-	-	(9,774)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(20,601)	(18,315)	-	(2,941)	-	4,300	(37,557)
Cash and investments - beginning	-	22,582	18,315	-	2,941	-	-	43,838
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,300</u>	<u>\$ 6,281</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	<u>\$ -</u>	<u>\$ 1,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,300</u>	<u>\$ 6,281</u>
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	-	1,981	-	-	-	-	4,300	6,281
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,300</u>	<u>\$ 6,281</u>

The notes to the financial statements are an integral part of this statement.

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2008

	Donations, Gifts and Trusts I	Cell Grant	Donations, Gifts and Trusts II	Donations, Gifts and Trusts III	Challenge Foundation Grant	Fundraising	Totals
Additions:							
Contributions:							
Other	\$ -	\$ 301,912	\$ (359)	\$ (31)	\$ -	\$ -	\$ 301,522
Deductions:							
Administrative and general	-	41,146	84	-	18,346	-	59,576
Excess (deficiency) of total additions over total deductions	-	260,766	(443)	(31)	(18,346)	-	241,946
Cash and investment fund balance - beginning	468	14,859	443	31	31,834	375	48,010
Cash and investments - ending	<u>\$ 468</u>	<u>\$ 275,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,488</u>	<u>\$ 375</u>	<u>\$ 289,956</u>
Net assets:							
Cash and investments	\$ 468	\$ 275,625	\$ -	\$ -	\$ 13,488	\$ 375	\$ 289,956
Total net assets - cash and investment basis held in trust	<u>\$ 468</u>	<u>\$ 275,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,488</u>	<u>\$ 375</u>	<u>\$ 289,956</u>

IRVINGTON COMMUNITY SCHOOL
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2009

	Donations, Gifts and Trusts I	Walton Grant	Cell Grant	Challenge Foundation Grant	Fundraising	School Administration	Totals
Additions:							
Contributions:							
Other	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 45,272	\$ 295,272
Investment earnings:							
Interest	-	-	-	-	-	32	32
Total additions	-	250,000	-	-	-	45,304	295,304
Deductions:							
Administrative and general	468	196,781	181,155	-	375	25,572	404,351
Excess (deficiency) of total additions over total deductions	(468)	53,219	(181,155)	-	(375)	19,732	(109,047)
Cash and investment fund balance - beginning	468	-	275,625	13,488	375	-	289,956
Cash and investments - ending	<u>\$ -</u>	<u>\$ 53,219</u>	<u>\$ 94,470</u>	<u>\$ 13,488</u>	<u>\$ -</u>	<u>\$ 19,732</u>	<u>\$ 180,909</u>
Net assets:							
Cash and investments	\$ -	\$ 53,219	\$ 94,470	\$ 13,488	\$ -	\$ 19,732	\$ 180,909
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 53,219</u>	<u>\$ 94,470</u>	<u>\$ 13,488</u>	<u>\$ -</u>	<u>\$ 19,732</u>	<u>\$ 180,909</u>

IRVINGTON COMMUNITY SCHOOL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2008

	<u>Payroll Deductions</u>
Additions:	
Agency fund additions	\$ <u>113</u>
Deductions:	
Agency fund deductions	<u>-</u>
Excess (deficiency) of total additions over total deductions	113
Cash and investment fund balance - beginning	<u>(45)</u>
Cash and investment fund balance - ending	<u><u>\$ 68</u></u>

IRVINGTON COMMUNITY SCHOOL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2009

	<u>Payroll Deductions</u>
Additions:	
Agency fund additions	\$ <u>11,948</u>
Deductions:	
Agency fund deductions	<u>2,313</u>
Excess (deficiency) of total additions over total deductions	9,635
Cash and investment fund balance - beginning	<u>68</u>
Cash and investment fund balance - ending	<u><u>\$ 9,703</u></u>

IRVINGTON COMMUNITY SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	291,936
Infrastructure	-
Buildings	37,165
Improvements other than buildings	23,522
Machinery and equipment	4,524,456
Construction in progress	<u>2,008,832</u>
Total governmental activities, capital assets not being depreciated	<u><u>6,885,911</u></u>

IRVINGTON COMMUNITY SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2009

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Capital Lease - classroom equipment 2005	\$ 11,952	\$ 11,952
Capital Lease - classroom equipment 2006	147,675	61,341
Capital Lease - classroom equipment 2007	20,180	17,062
Capital Lease - classroom equipment 2008	261,114	72,488
Capital Lease - classroom equipment 2008	77,243	37,232
Capital Lease - computer servers and phone system	18,033	7,681
Notes and loans payable		
Line of Credit	400,000	435,000
Common School Loan(s)	1,813,082	-
LISC Subordinate Note	511,790	65,728
LISC Recoverable Grant	25,000	8,333
Temporary Loan	26,300	26,300
Temporary Loan	4,400	4,400
Bonds payable:		
General obligation bonds:		
Elementary School Building	3,824,947	495,556
HS Phase I	938,550	81,821
Total governmental activities debt	\$ 8,080,266	\$ 1,324,894

IRVINGTON COMMUNITY SCHOOL
AUDIT RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

Information presented for the audit indicated that some notes and loans had not been paid timely. As a result, the debtors assessed, and the School Corporation paid late charges totaling \$8,358 during the audit period.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE IRVINGTON COMMUNITY SCHOOL, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Irvington Community School (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 16, 2010

IRVINGTON COMMUNITY SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 2007-08	\$ 1,364	\$ -
		FY 2008-09	-	1,926
National School Lunch Program	10.555			
		FY 2007-08	88,253	-
		FY 2008-09	-	102,060
Total for federal grantor agency			89,617	103,986
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Cluster				
Title I Grants to Local Educational Agencies	84.010			
		06-9330	26,716	-
		07-9330	137,707	36,679
		08-9330	-	182,802
Total for cluster			164,423	219,481
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027			
		14209-208-PN01	-	75,722
ARRA - Special Education Part B	84.391		-	31,206
Total for cluster			-	106,928
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF)				
- Education State Grants	84.394		-	356,315
Total for cluster			-	356,315
Improving Teacher Quality - State Grants	84.367			
		08-9330	-	153,334
Total for federal grantor agency			164,423	836,058
Total federal awards expended			\$ 254,040	\$ 940,044

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

IRVINGTON COMMUNITY SCHOOL
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Irvington Community School (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

IRVINGTON COMMUNITY SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.394	Title I Cluster ARRA – State Fiscal Stabilization Fund (SFSF) - Education State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters were reportable.

Section III – Federal Award Findings and Questioned Costs

No matters were reportable.

IRVINGTON COMMUNITY SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reportable.

IRVINGTON COMMUNITY SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 16, 2010, with Timothy P. Ehrgott, President of School; and David Nidiffer, Treasurer. The official response has been made a part of this report and may be found on page 41.



February 19, 2010

State Board of Accounts
OFFICIAL RESPONSE
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

President

Timothy P. Ehrgott

Dear Sir(s) or Madam(s):

Board of Directors

Barato L. Britt

Irvington Community School, Inc.'s OFFICIAL RESPONSE to the SBoA comment on the most recent audit period ending June 30, 2009 is as follows:

Todd A. Durnil

"Based on prior experience, ICS anticipated our Spring 2008 property tax payment (\pm \$625,000) from Marion County, Indiana, to arrive in 4 equal installments beginning March 2008. Due to political and economic factors beyond ICS' control, the anticipated payment was not received until late June in its entirety.

Leslie D. Hiner

To manage this temporary cash shortfall, ICS worked with its mortgage bank and its largest capital lender to defer payments until June 2008. \$7,900 (98%) of the late fees/penalties incurred were from these two institutions. This issue did not occur again during the audit period and was remedied going forward by the elimination of the semi-annual county property tax payment being converted to monthly payments from Indiana DOE beginning January 2009."

Geoff Slaughter

Jeffrey M. Lozer

Jennifer Thuma

Michael A. Welch

Thank you,

David Nidiffer
Chief Financial Officer